

**Department of Management and Budget
Acquisition Services**

**Report of Proposed Changes in Excess of \$500,000
To Current Contracts for Computer Software Development,
Hardware Acquisition, or Quality Assurance**

Sec. 713 of Public Act 161 of 2003

(October 1, 2003)

Questions regarding this report may be directed to Jim Konrad, 517-373-0315

October 1, 2003

**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

CONTRACT DESCRIPTION: 071B6000094 – Bull Mainframe Consolidation, Maintenance and Enhancement - Department of Information Technology for the Michigan Information Processing Center

CONTRACT PERIOD: 11/6/95 through 3/31/04 (3rd extension year of 5 year base contract with additional 3 months requested)

CONTRACTOR: **INCREASE**

Integris, Inc., Lansing, MI \$2,597,710.64

☒ - Check if AS1 received by Acquisition Services

☒ - Check if contract is extended - Length of time extended: 4 months

DESCRIPTION OF PURCHASE:

Purpose/Business Case: The Department of Information Technology requires additional software and hardware for the consolidated Bull mainframes currently housed at the Michigan Information Processing Center (MIPC) to allow for continued operations. These modifications bring with them additional efficiencies and long-term cost savings of significant magnitude. The Department requests a four-month extension along with these enhancements, to allow for implementation and re-negotiation of the contract as a whole.

Benefit: Improved customer service on supported platforms, increased savings in maintenance and contractor support, improved DR capabilities and compliance with IRS audit criteria, are all expected outcomes for these modifications. This consolidated mainframe system runs business critical applications for departments requiring the database capacity only a mainframe can provide.

Commitment: Fixed rates, maintenance, and transaction costs Payment made annually in advance for maintenance and support, and as services/products are received and accepted for hardware, software, and services.

Risk Assessment: Failure to make system enhancements could result in significant loss of savings. Since mainframe systems are proprietary, switching to a different provider would be expensive, as well as intrusive for key business functions. Integris has maintained consistent pricing in all cases, and lower pricing in some, over the term of this contract agreement.

Failure to move forward with this request could result in both high risk and high dollars.

Cost Reduction Consideration:

A. Negotiated Savings: A 4% discount in maintenance costs for annual pre pay.

A 15% discount for transaction costs, with an additional 3% to be applied with subsequent amendment and credited retroactively following amendment completion.

B. Cost Avoidance: A 5% Economic Adjustment allowance waived for the last two years.

C. Total Savings:

FUNDING: 100% Various Funds. Charges paid out of Information Technology revolving funds from various end user departments.

PRICE CLAUSE: Pricing shall remain firm for duration of the extended contract period.

CS-138: NJ

ORIGINAL CONTRACT AMOUNT: \$32,608,691.00

CURRENT CONTRACT AMOUNT: \$70,180,033.00

PROPOSED AMENDMENT INCREASE AMOUNT: \$2,597,710.64

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 8%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 4%

ESTIMATED 04 FISCAL YEAR INCREASE: \$2,597,710.64

NEW TOTAL CONTRACT COST: \$72,777,743.64

☒ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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Manager Signature

Division Director Signature

Acquisition Services Director Signature

October 1, 2003

**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

CONTRACT DESCRIPTION: 071B5000692 - Hardware and software for Unisys
Mainframe - Data Center Operations, Department of
Information Technology

CONTRACT PERIOD: 5/8/95 through 12/31/08 (13 yrs, 7 months, 23 days)

CONTRACTOR: **INCREASE**

Unisys Corporation, Okemos, MI \$4,957,245.00

☒ - Check if AS1 received by Acquisition Services

☒ - Check if contract is extended - Length of time extended: 3 years

DESCRIPTION OF PURCHASE:

Purpose/Business Case: The purpose is to buy new hardware and software required during fiscal year 2004. Two Data Center Operation (DCO) hosts will end hardware support by 12/31/03. The NX4822-52 is the current Unisys Master Control Program (MCP) Development host. The A 18-762 is the Unisys Disaster Recovery host. Both hosts will be replaced with a Libra 185 that can be partitioned into four hosts (Development, Production Disaster Recovery (DR), Michigan State Police (MSP) Production DR, future expansion). Without this upgrade DCO will not be able to keep current with MCP software releases because the NX4822 and A18 are not able to support future Operating System (OS) releases. The 3-year extension is to accommodate the 5-year software license.

Unisys is the manufacturer of the hardware and software that runs on all the hosts described in the proposal. Also, the applications used by the DCO customers that use these systems have their applications developed and tied to the Unisys and other 3rd party software. As such Unisys is uniquely qualified to manufacture, sell and install the NX4822 replacement. To open bid would result in wholesale replacement of licensed Unisys and 3rd party software that is unique to the Unisys environment as well as significant application development for DCO customers in order to change to a new platform. It is not economically feasible to change platforms at this time.

Benefit: This purchase is essential for an improved customer service on supported platforms. This will lead to savings in maintenance and improved DR capabilities.

Commitment: Prices are fixed for the duration of the contract.

Risk Assessment: Failure to migrate to supported hardware puts DCO customers (Department of Community Health, Department of State, Treasury, Corrections, Michigan State Police, Department of Transportation, Department of Management & Budget, Consumer and Industry

Services) at risk of extended downtime should hardware failure occur and scarce parts need to be located. The current development and DR hosts are not able to support future OS releases, which force all production hosts to the last supported release for disaster recovery capabilities.

Cost Reduction Consideration: Price negotiation is under process.

FUNDING: 100% IT revolving funds recovered through service rates (General Funds).

PRICE CLAUSE: Prices are fixed for the duration of the contract.

CS-138: NJ

ORIGINAL CONTRACT AMOUNT: \$28,663,778.00

CURRENT CONTRACT AMOUNT: \$84,555,460.81

PROPOSED AMENDMENT INCREASE AMOUNT: \$4,957,245.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 17%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 6%

ESTIMATED 04 FISCAL YEAR INCREASE: \$4,957,245.00

NEW TOTAL CONTRACT COST: \$89,512,705.81

☒ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

CONTRACT DESCRIPTION: 071B2001172 - Computer Software Consultant -
Department of Information Technology for Michigan
Gaming Control Board

CONTRACT PERIOD: 11/1/01 through 10/31/03

CONTRACTOR: **INCREASE**

Xerox Corporation, East Lansing, MI \$502,000.00

☒ - Check if AS1 received by Acquisition Services

☒ - Check if contract is extended - Length of time extended: 8 months

DESCRIPTION OF PURCHASE:

Purpose/Business Case: The contract extension (and request for additional funding) is due to four Project Change Requests that were submitted by the Gaming Control Board. These requests cover 1) incorporation of business rules into the system 2) migration of data from the old system to the new system 3) addition of a unique index method for tracking Board orders (and recommendations) and 4) modifications to the casino tax calculations for uncollectibles. MGCB was originally going to do items 2 and 3 in-house, but the scope of these tasks turned out to be much larger than anticipated, so MGCB (with limited resources) requested that Xerox do the tasks. With their many resources, Xerox could complete the project in a third of the time. Item #4 is a change in the way taxes are computed since the original project specifications.

Item #1, the largest component, is for the incorporation of the business rules. The business rules are the validation routines (or business logic rules) of field relationships - not to be confused with field edits. During the writing of the technical design specifications, some of the business rules were not defined (i.e. license renewals), they weren't documented, and MGCB didn't want to hand over responsibility for defining business rules to Xerox. It was decided not include them in the Technical Design Specification, but to add them as a separate entity, allowing work to begin on the rest of the system without delay.

The business rules are necessary for the proper operation of the system, as well as the integrity, validation, and reliability of data. Omission of the business rules would require the users to consistently and correctly modify data to reflect daily operational changes to the status and state of entities involved in the casino industry.

Benefit: The overall project is for major enhancements and additional functionality to the Document Management and Imaging System. This system provides the backbone to the Gaming Control Board's (MGCB) computer application process that accounts for \$90 million in Wagering Tax annually with an additional \$27 million in Annual Assessment Fee. The inclusion of the above items into the system is crucial to making the system useful, accurate, reliable, and labor saving.

Commitment: Services of this contract will be on a time and material basis.

Risk Assessment: Failure to complete these modifications will jeopardize the completion, usefulness and functionality of the original intent of this contract.

Cost Reduction Consideration:

A. Negotiated Savings: Currently in negotiations with vendor

B. Cost Avoidance:

C. Total Savings:

FUNDING: 100% Restricted Funds

PRICE CLAUSE: All pricing to remain firm for the duration of the contract.

CS-138: 084S4000018

ORIGINAL CONTRACT AMOUNT: \$2,504,514.00

CURRENT CONTRACT AMOUNT: \$2,504,514.00

PROPOSED AMENDMENT INCREASE AMOUNT: \$502,000.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 20%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 20%

ESTIMATED 04 FISCAL YEAR INCREASE: \$502,000.00

NEW TOTAL CONTRACT COST: \$3,006,514.00

☒ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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